

**COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION**

**RECEIVED**  
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COMMISSION

**In the Matter of:**

**APPLICATION OF DUKE ENERGY KENTUCKY, ) Case No. 2009-00202  
INC. FOR AN ADJUSTMENT OF GAS RATES )**

**ATTORNEY GENERAL'S SUPPLEMENTAL REQUESTS FOR IFORMATION**

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, and submits these Supplemental Requests for Information to Duke Energy Kentucky, Inc. [hereinafter referred to as "DEK"] to be answered by the date specified in the Commission's Order of Procedure, and in accord with the following:

(1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate request item will be deemed a satisfactory response.

(2) Please identify the witness who will be prepared to answer questions concerning each request.

(3) Please repeat the question to which each response is intended to refer. The Office of the Attorney General can provide counsel for DEK with an electronic version of these questions, upon request.

(4) These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional information within the scope of these requests between the time of the response and the time of any hearing conducted hereon.

(5) Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association, be accompanied by a signed

certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

(6) If any request appears confusing, please request clarification directly from the Office of Attorney General.

(7) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.

(8) To the extent that any request may be answered by way of a computer printout, please identify each variable contained in the printout which would not be self evident to a person not familiar with the printout.

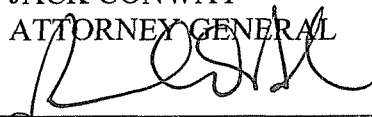
(9) If the company has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, please notify the Office of the Attorney General as soon as possible.

(10) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

(11) In the event any document called for has been destroyed or transferred beyond the control of the company, please state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer; and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

(12) Please provide written responses, together with any and all exhibits pertaining thereto, in one or more bound volumes, separately indexed and tabbed by each response.

Respectfully submitted,  
JACK CONWAY  
ATTORNEY GENERAL



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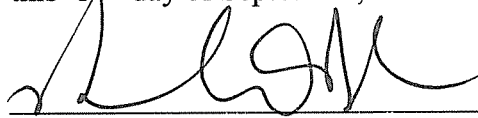
**Certificate of Service and Filing**

Counsel certifies that an original and ten photocopies of the foregoing were served and filed by hand delivery to Jeff Derouen, Executive Director, Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40601; counsel further states that true and accurate copies of the foregoing were mailed via First Class U.S. Mail, postage pre-paid, to:

Rocco O D'Ascenzo  
Duke Energy Kentucky, Inc.  
P. O. Box 960  
Cincinnati, OH 45201

Julie S. Janson, President  
Duke Energy Kentucky, Inc.  
P. O. Box 960  
Cincinnati, OH 45201

this 14<sup>th</sup> day of September, 2009

A handwritten signature in black ink, appearing to be 'R. O. D'Ascenzo', written over a horizontal line.

Assistant Attorney General

**DUKE ENERGY KENTUCKY**

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1. Attachment AG-DR-01-019 shows the actual final property taxes booked by the Company in 2006, 2007 and 2008. In this regard, please provide the following information:
  - a. For each of these three years, provide the “tentative” property taxes booked prior to the booking of the final property taxes based on the final Property Valuation received from the Kentucky Revenue Cabinet.
  - b. For each of the years 2003, 2004 and 2005, provide the “tentative” property taxes booked prior to the booking of the final property taxes, as well as the actual final property taxes based on the final Property Valuations received from the Kentucky Revenue Cabinet.
2. Attachment AG-DR-01-019 shows that the Company is currently booking monthly 2009 property taxes of \$304,268, implying an annualized 2009 property tax number of \$3,651,216. Do these 2009 property taxes represent the estimated “tentative” property taxes or do they represent the final 2009 property taxes based on the final 2009 Property Valuations received from the Kentucky Revenue Cabinet?
3. With regard to WPD-2.21c, please provide the actual final assessment ratios (shown on lines 2, 3, 4); the actual final state and local real estate rates (shown on lines 6, 7); and the actual final state and local personal property tax rates (shown on lines 9, 10) for each of the years 2003, 2004 and 2005.
4. Please provide corrected Schedule G-2 pages that reflect the required corrections noted in the responses to AG-1-43 and AG-1-44.
5. The response to AG-1-44 shows that the actual DEBS labor charged to gas O&M during the most recent actual 12-month period ended June 30, 2009 amounts to \$2,439,856. The response also indicates that the DEBS labor included in gas O&M for the forecasted period amounts to \$3,893,567. Please provide all of the reasons why this almost 60% labor expense increase should be considered reasonable and appropriate and provide all of the reasons for this very large projected allocated labor expense increase.
6. Please provide the number of Duke Energy Kentucky employees, in total and broken out by employee category, underlying the forecasted period gas O&M payroll expenses of \$3,842,198 referenced in the response to AG-1-44.

In addition, provide the comparable actual monthly Duke Energy Kentucky employees, in total and broken out by employee category, for each month in 2009 through August.

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7. As shown on WPD-2.26a, the Company is proposing to eliminate forecasted period incentive compensation of \$616,501. In this regard, please provide the following information:
  - a. Has the Company also removed the payroll taxes associated with this proposed compensation expense removal? If so, indicate where this payroll tax removal is reflected in the filing schedules. If not, provide the payroll taxes associated with this compensation expense removal of \$616,501 and include a worksheet showing the calculations underlying these associated payroll taxes.
  - b. Has the Company also removed the 401(k) expenses associated with this proposed compensation expense removal? If so, indicate where this 401(k) removal is reflected in the filing schedules. If not, provide the 401(k) expenses associated with this compensation expense removal of \$616,501 and include a worksheet showing the calculations underlying these associated 401(k) expenses.
8. With regard to the Company's 401(k) expenses, please provide the following information:
  - a. Total 401(k) expenses charged to the gas O&M expenses in the forecasted period.
  - b. Portion of the forecasted period 401(k) expenses to be provided in response to part (a) that represents the 401(k) incentive payout company match.
9. With regard to Attachment AG-DR-01-038d, please provide the following information:
  - a. Provide a breakout of the forecasted period "direct" expenses of \$19,798 by SERP, Excess and ECBP expense components.
  - b. Provide a description of the ECBP program expenses.
  - c. Explain why the forecasted period includes SERP expenses given that the SERP is no longer an active plan at Duke Energy.
  - d. Since SERP expenses are included for ratemaking purposes in this case, please provide a detailed description of the nature and working of this plan, as was originally requested in AG-1-38a.
  - e. Are the benefits received by the eligible employees under the SERP, Excess and ECBP programs in addition to the "regular" pension benefits received by these same employees?
  - f. Please describe in detail what the differences between the "regular" pension benefits and the SERP/Excess/ECBP program benefits received by the eligible employees.

- g. Do the benefits under the SERP/Excess/ECBP programs include benefits to be provided to spouses of the eligible employees? If so, describe these spousal benefits.
0. With regard to the response to AG-1-39, please provide the following information:
  - a. Are the benefits received by the eligible employees under the ESP in addition to the “regular” savings plan benefits received by these same employees?
  - b. Please describe in detail what the differences between the “regular” savings plan benefits and the ESP program benefits received by the eligible employees.
1. With regard to the response to AG-1-40, please provide the following information:
  - a. Are the forecasted period Frozen Plan expenses related to the Non-Qualified Deferred Compensation Plan of \$13,932 in addition to the forecasted period ESP expenses of \$99,019 referenced in the response to AG-1-39? If so, why would it be appropriate to reflect these expenses of \$13,932?
  - b. Why is it appropriate to reflect these expenses of \$13,932 for ratemaking purposes given that the Non-Qualified Deferred Compensation Plan was merger into the new ESP plan?
2. Please provide a detailed listing and description of all specific financial and tax services offered (such as, for example, assistance in tax preparation, financial planning, estate planning, investment planning and advice, etc.) under the Company’s Financial Planning Services plan. This was requested as part of AG-1-41a but was not answered by the Company.
3. With regard to the response to AG-1-53, please provide the following information:
  - a. Detailed breakout and description of purpose and nature of all of the cost components making up the Government Affairs expenses of \$30,816.
  - b. Official job descriptions of the Government Affairs employees whose labor and expenses are part of the Government Affairs expenses of \$30,816.
  - c. Detailed breakout and description of purpose and nature of all of the cost components making up the Community Relations/Affairs expenses of \$12,634.

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- d. Detailed breakout and description of purpose and nature of all of the cost components making up the advertising and promotional expenses of \$173,936.
14. With regard to the response to AG-1-47, please provide the following information:
- a. Indicate which expense components shown in the response was removed on WPD-2-22a.
  - b. Provide a detailed breakout and description of the nature and purpose of all of the expense components making up the Customer Relations amount of \$14,556.
  - c. If the account 910 expense amount of \$373,459 includes any expenses for (1) community relations; (2) dues for social clubs; and (3) promotional advertising, please identify and quantify these expenses.
15. With regard to the response to AG-1-48, please provide a detailed breakout and description of the nature and purpose of all of the expense components making up the Other expense amount of \$8,891.
16. With regard to the response to AG-1-49, please provide a detailed breakout and description of the nature and purpose of all of the expense components making up the Employee expense amount of \$2,945.
17. With regard to the response to AG-1-50, please provide the following information:
- a. The response is not in the same detail and format as the response to AG-1-219 in the prior rate case, as was requested in AG-1-50. Please provide your response in more detailed format as per the response to AG-1-219 in the prior rate case.
  - b. Provide a detailed breakout and description of the nature and purpose of all of the expense components making up the Dues expense amount of \$41,281.
  - c. Provide a detailed breakout and description of the nature and purpose of all of the expense components making up the Employee Travel expense amount of \$252,502.
18. With regard to the response to the Governmental Affairs expenses of \$28,997 listed in the response to AG-1-51, please provide the following information:
- a. Is there an overlap between these expenses and the DEBS-allocated Governmental Affairs expenses of \$30,816 referenced in the response to AG-1-53? If so, describe this overlap.

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- b. Provide a more detailed description of the specific activities underlying the expense amount of \$28,997.